

February 26, 2014



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Arizona Corporation Commission
1300 W. Washington Street
Phoenix, AZ 85007

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Commissioners: Bob Stump, Chairman, Susan Bitter Smith, Bob Burns
Brenda Burns, Gary Pierce

Public testimony re: The Consolidated Rate Case for Truxton Canyon Water Co.

W-02168A-11-0363, W-02168A-13-0309, W-02168A-13-0332

By: William E. Meehan, 9362 N. Vista Drive, Kingman, AZ 86401

Thank you Commissioners and Staff for the opportunity to express my response to this rate case presented by Truxton Canyon Water Co. and the Claude K. Neal Trust. I have been a resident and property owner in Valle Vista since 2006. I served on the VVPOA Board of Directors for four years, being both Secretary and the most recent 'Intervener' preceding Mr. Stewart. I also participated in negotiating the 'Agreement' for irrigation water rates between VVPOA and Truxton. **I am in complete agreement with the staff recommendations, the testimony of Mr. Stewart and the legal counsel for VVPOA.**

I want to speak to (3) three issues:

- 1) **First, The Trust believes it should be paid 1.4 million dollars for its assets.** *The Trust/Neal family has NOT stated, how, when or the original cost of the easements and primary line from the Hackberry well field.* (The steel water line was built by the U.S. Corp of Engineers in the early part of WWII. It originally provided water to the Military Air Base, now known as the Kingman Airport and industrial center. The Neal family sold water to the City of Kingman for a period of time until Kingman decided to provide their own municipal water system).

The Truxton Canyon Water Co. website states the company has provided water to the Haulapai Valley area, Hackberry and Valentine area since 1962. The Neal family obtained a C.C. & N. in 1971 to enable them to provide water to the new community of Valle Vista which came into being in 1972. The C.C. & N. was subsequently expanded later; giving Truxton rights to sell water to surrounding areas. Income from water sales have been on-going 50 plus years; the infrastructure and delivery systems are old by industry standards; **the Hackberry line is 70 years old; VVPOA infrastructure is 40 years old.**

The Trust, formed in 1975, served as an unregulated affiliate, selling water to VVPOA until ordered to stop by the 'Stipulation Agreement' and 'Order to Show Cause' which was issued August 10, 2010. (Regular rate increases were assessed on the property owners' Association).

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The Trust and the Water Co. have **common ownership**. *To be paid 1.4 million dollars for assets you own—and will continue to own—is like winning the Lottery or Publishers' 'Sweeps Stakes'; a windfall!* VVPOA, home-owners and rate payers have compensated the Trust and Neal family for 50 plus years. These assets will continue to produce income and profit for Truxton if 'best management practices' and a quality, reliable, product results.

- 2) **The arsenic issue needs resolution.** This problem is costing VVPOA potential buyers when full disclosure is provided. Case in point is our VVPOA Office Manager and CPA. He and his wife came from the Chicago area to retire in the Kingman area. He first looked in Valle Vista but upon finding out about the arsenic problem and past issues with the water company he chose another area of Kingman to purchase his home. Reports of others turning away have been reported. We need home-buyers and residents to discover the beauty and benefits of our community. Truxton will be a beneficiary if they can provide a consistent, reliable and safe product. As already has been stated VVPOA does not need treated water for irrigation. In all fairness, our Club House and Pool Water do need to be arsenic free. Hopefully a reasonable means to determine how that can be billed equitably will be forthcoming.
- 3) **The need for an 'Interim Manager' still exists.** Since the 'Order to Show Cause' and 'Stipulation Agreement' in 2010, improvements in relationships and management have been experienced between VVPOA and Truxton. **Rick Neal's** oversight and experience have helped make this happen. For long-term improvements, preparation for growth and ensuring 'best management practices,' his leadership (or the equivalent) needs to be assured.

Thank you for hopefully bringing this long-running case to a fair and reasonable conclusion in the very near term.

Respectfully,


William. E. 'Bill' Meehan

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